

An Overview of the LAKE County 2008 Annual Adjustment April 2, 2009

The following activities occurred in the various townships in regards to the annual adjustment process in Lake County for 2008 pay 2009:

County-wide

Immediately following the roll-over of 2007 pay 2008 assessments to the Auditor, the Lake County Assessor's office engaged in a process to replace the legacy "SABRE" assessment system with the Proval® product. This process took several months, followed by several months of clean-up and restoration of conversion errors, or assessment errors found via the conversion process. Most of the substantial problems have been fixed, however the assessment officials continue to work on correcting these issues, especially in North Township.

This activity delayed the start of the 2008 annual adjustment process until December 2008.

Township specific

Step 1: Re-Delineation of Neighborhoods

North TWP: After the 2007 re-delineation of all commercial and industrial neighborhoods, numerous parcels were moved from one grouping to another to better achieve market value-in-use assessments. Application of influence factors continued throughout the process. Residential neighborhoods received minor additional stratification.

Calumet TWP: After the 2007 re-delineation of all commercial and industrial neighborhoods, numerous parcels were moved from one grouping to another to better achieve market value-in-use assessments. Application of influence factors continued throughout the process. In approximately 12 neighborhoods, obsolescence that had been previously applied on a more or less common basis (ie. most parcels receiving 15% OBS) was removed from all parcels. Residential neighborhoods received minor additional stratification. For the 2008 assessments, the township elected to remove all obsolescence that had been previously applied to all assessments. Some OBS was then added back to particular parcels. The township is still considering additional stratification of some gas station commercial property. Identification of valid sales remained an issue.

Ross, Center, Hobart and St. John TWP's: Commercial and industrial neighborhoods received small adjustments and refinements based on usage and valuation.

Cedar Creek, Eagle Creek, West Creek, Hanover, Winfield TWP's: Growth in some areas led to significant numbers of new residential neighborhoods. Nothing occurred on the commercial/industrial spectrum. Lakefront lots in Hanover were re-evaluated so as to be more consistent and achieve similar assessments as those in Center TWP. Several residential neighborhoods in Hanover and West townships were either combined or re-delineated

Step 2: Adjustments Land Values

The conversion process forced the commercial and industrial land valuation process in North & Calumet to be altered. Previously, parcels that were assessed on a square footage basis and were under one acre would receive an upward adjustment based on size, with the amount of the adjustment increasing the smaller the parcel. The Proval system does not price parcels assessed in a square footage basis in this manner. Hence, all the parcels assessed on a square footage basis in both townships were converted to an acreage based assessment. This caused some issues with pricing and influence factors, most of which have been resolved to date.

As always, the parcel count information on supposedly “vacant” parcels in the established townships (Calumet, Hobart, North) is misleading. The vast majority are owned by contiguous improved parcels. Thus, they are not truly vacant and are unlikely to sell; our sales figures reflect very few actual sales of vacant parcels. Perhaps during the upcoming reassessment these townships may be able to combine numerous vacant parcels with existing improved parcels to achieve better assessment performance and data uniformity.

Step 3: Calculation of New Residential Factors & Residential Studies

Revised market adjustment factors were computed for every neighborhood based on 2006 – 2006 valid sales. In the neighborhoods where sales data indicated that some adjustment was needed, the land as well as the improvements received a factor oftentimes. In Calumet TWP, there are issues with identifying market transactions and significant changes in underlying individual property wealth (in percentage terms) that occurs on specific parcels and not neighborhood-wide.

Step 4: Updated Commercial & Industrial Improvement Values

New commercial and industrial cost table updates based on estimated construction costs as of 1-1-07 were implemented as the basis for updating commercial and industrial improvement values. The implementation of the Proval® CAMA system facilitated this change for 2008. The county also changed the year of depreciation from 2005 to 2006.

Lake County continued to make strides in developing and implementing income and sales based assessment methodologies for commercial & industrial improved property.